

Manufacturing

If some sage were to come and prophesize that in 2016 the economy would fall into a recession, and then ask me what industry I believe this would impact the most, my answer would be manufacturing. Why? History shows that manufacturing always loses jobs during a recession.

Roughly 17,000 manufacturing jobs downsized in Utah from mid-2007 to mid-2010. That's not much of a surprise considering the severity of the Great Recession. But what's interesting is the industry's performance since mid-2010. Manufacturing job losses have not only stopped, but are now starting to rebound.

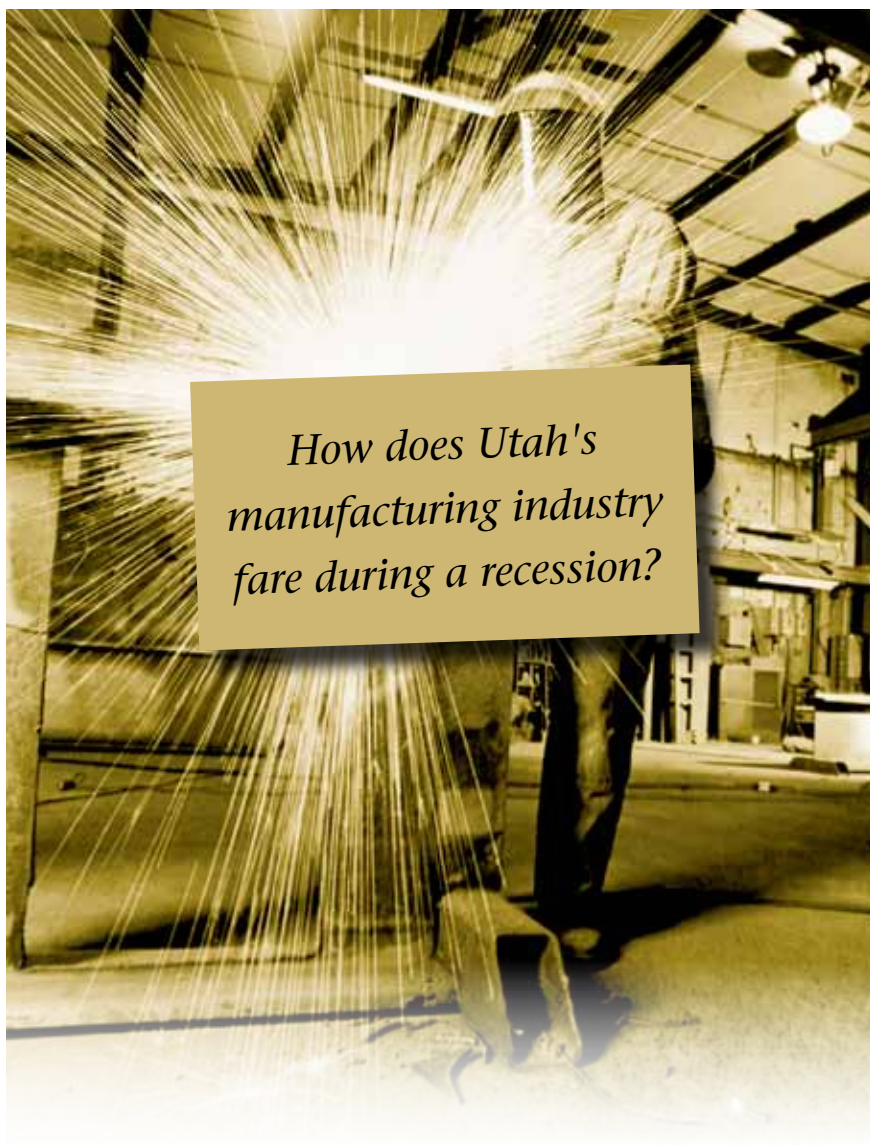
A 500-job increase isn't much to crow about, but oftentimes what happens is manufacturing falls during a recession, then remains at the level to which it fell, until the next recession comes along and it falls some more. But there is some manufacturing job rebound going on, and it may be attributable to two possibilities (probably a combination of both).

The first is how aggressively manufacturers responded to the recession and the amount of job cuts that ensued. There is speculation that firms actually overcut jobs. Therefore, even the slightest uptick in business should prompt some new hiring. This might not be applicable across all industries, but it seems to be pertinent in the manufacturing arena.

The second possibility is the low value of the U.S. dollar in relation to other world currencies. The low dol-

lar makes the price of U.S. goods more affordable to overseas buyers. For example, it's cheaper for an outside buyer to purchase an industrial machine made in the U.S. than one made in Europe due to currency exchange rates.

Nationally, manufacturing jobs are seeing a rebound for this very reason. It is this burst in exports that is one of the bright spots within the economy which is helping to get the economy jump started once again. ⓘ



How does Utah's manufacturing industry fare during a recession?